

VZCZCXRO5413
PP RUEHAG RUEHAST RUEHBI RUEHCI RUEHDBU RUEHDF RUEHIK RUEHLH RUEHLN
RUEHLZ RUEHPW RUEHROV RUEHVK RUEHYG
DE RUEHAH #1283/01 3301357
ZNR UUUUU ZZH
P 261357Z NOV 07
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 9770
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
RUCNCIS/CIS COLLECTIVE PRIORITY
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 3032
RUEHBJ/AMEMBASSY BEIJING PRIORITY 0848
RUEHKO/AMEMBASSY TOKYO PRIORITY 0722
RUEHIT/AMCONSUL ISTANBUL PRIORITY 1298
RUEKJCS/JOINT STAFF WASHDC PRIORITY
RHMFIUU/CDR USCENTCOM MACDILL AFB FL PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 ASHGABAT 001283

SIPDIS

SENSITIVE
SIPDIS

STATE FOR SCA/CEN, EUR/RUS, EEB
STATE PLEASE PASS TO USTDA DAN STEIN
COMMERCE FOR HUEPER
ENERGY FOR EKIMOFF/THOMPSON

E.O. 12958: N/A
TAGS: [PREL](#) [PGOV](#) [ENERG](#) [EPET](#) [TX](#)
SUBJECT: TURKMENISTAN INTERNATIONAL OIL AND GAS EXHIBITION AND
CONFERENCE (TIOGE-2007): MANY CAME BUT NO SURPRISES

REFTELS: A) ASHGABAT 1256, B) ASHGABAT 1260

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: This year's Turkmenistan International Oil and Gas Exhibition (TIOGE) and conference had the highest attendance since 2000 and attracted unprecedented interest from major petroleum companies, regional stakeholders and press. However, TIOGE-2007 did not bring any surprises or breakthroughs. If the government really is interested in attracting foreign companies, it will have to abandon a number of policies, including its unwillingness to sign onshore product sharing agreements (PSAs), inflexibility on discussing Trans-Caspian pipeline options prior to delimitation of its border with Azerbaijan, and Turkmenistan's adherence to a policy of selling gas at the border. END SUMMARY.

PARTICIPANTS

13. (U) According to the conference organizer -- ITE, UK -- the TIOGE conference is one of the fastest growing in the company's portfolio of eight such events in various CIS countries. With over 650 delegates and 60 speakers, the TIOGE-2007 Conference was highly oversubscribed, causing logistical problems for organizers who simply could not provide hotel accommodation for all guests. Exhibitors included more than 150 foreign companies from 21 countries. U.S. companies exhibiting at TIOGE included Cudd Energy Services, Cameron Cooper, Chevron, BP, Bertling Logistics, Midland Oil and Gas, Gateway and Oilwell Varco. Other main exhibitors were Gazprom and Lukoil of Russia, Naftogaz of Ukraine and Petronas, from Malaysia.

14. (U) Although Chevron and BP exhibited and presented at the conference, others, including ExxonMobil, ConocoPhillips, Shell and even SOCAR (State Oil Company of Azerbaijan) visited to establish or renew contacts with Turkmenistan's petroleum officials. U.S. Secretary of Energy Samuel Bodman (reftels) and EU Energy

SIPDIS

Commissioner Andris Piebalgs came to Ashgabat for the first time in several years.

"GENERALLY BLAND PRESENTATIONS..."

15. (SBU) As a former General Manager of a western company who is now an independent consultant put it, the conference featured "generally bland presentations with a few exceptions." The exceptions were the speeches by BP, Chevron and EU Energy Commissioner Piebalgs. What made these presentations stand out, according to several individuals, is the fact that they addressed issues related to real alternative pipeline routes from Turkmenistan.

16. (SBU) Turkmenistan government officials delivered very short and traditionally dull speeches with no tangible content that would be useful for potential and current investor. Even Executive Director of the State Agency for Management and Use of Hydrocarbon Resources Bayrammyrat Myradov's presentation was very general, citing the 2030 Oil and Gas Development Plan and reviewing financial elements of standard PSAs and basic applicable laws.

17. (U) Turkmenistan's traditional partners active in Turkmenistan -- Petronas, Burren, Dragon Oil and Mitro (Hazar Consortium) -- were extremely cautious and general in their presentations. Petronas avoided even talking about the status of its current operations, let alone plans to export its gas. Gazprom proposed to build a joint gas production platform in the Caspian and a petrochemicals facility in Turkmenbashi to export refined products by tanker via the Volga-Don canal.

BURREN READY TO SELL ITS ASSETS IN TURKMENISTAN

18. (SBU) Chris Gupta, General Manager of Burren Energy, UK confirmed that his company is ready to sell its assets in Turkmenistan "if the

ASHGABAT 00001283 002 OF 002

price is right." He also confirmed that the \$3 billion offered by ENI is not adequate. Gupta did not offer any explanation for Burren's desire to divest.

19. (SBU) COMMENT: Turkmenistan continues to state publicly that it wants a multi-route petroleum export policy. Not wanting to emphasize directly a trans-Caspian option, the government may nonetheless have used the presence of SOCAR and the presentations of BP and Chevron to help keep a trans-Caspian pipeline on the table. However, Turkmenistan's future actions will demonstrate whether it is serious about increased, diversified foreign involvement in the country's oil and gas sector. If the leadership really is interested in attracting foreign companies, it will have to abandon a number of policies, including its unwillingness to sign onshore product sharing agreements (PSAs), inflexibility on discussing Trans-Caspian pipeline options prior to delimitation of its border with Azerbaijan, and Turkmenistan's adherence to a policy of selling gas at the border. END COMMENT.

CURRAN